

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

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FOLLOWING REPEAT STATE 028052 ACTION KUALA LUMPUR INFO BANGKOK  
JAKARTA LONDON SINGAPORE 07 FEB

QUOTE

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E.O. 11652:N/A

TAGS: EIND, MY, ID, SN

SUBJECT: MALAYSIAN RUBBER PRICE STABILIZATION SCHEME

REF: KUALA LUMPUR 285 (NOTAL) KUALA LUMPUR 525

1. DEPARTMENT APPRECIATES EMBASSY'S REPORT ON GOM RUBBER  
PRICE STABILIZATION SCHEME CONTAINED REFTELS. US GENERALLY  
SUPPORTS CONCEPT OF COMMODITY PRICE STABILIZATION THROUGH  
COOPERATIVE ARRANGEMENTS BETWEEN PRODUCERS AND CONSUMERS  
IN WHICH INTERESTS OF BOTH PARTIES ARE RECONCILED.

CONVERSELY, WE HAVE RESERVATIONS ABOUT PRODUCER-ONLY  
ACTIONS WHICH MAY NOT ADEQUATELY TAKE LEGITIMATE CONSUMER  
CONCERNS INTO ACCOUNT. WHILE GOM RUBBER PRICE STABILIZATION  
SCHEME ITSELF AS CURRENTLY ORGANIZED APPEARS MODERATE AND  
REASONABLE IN WE MUST EVALUATE IT ALSO IN LIGHT OF POSSIBLE  
PRECEDENTS AND REPERCUSSIONS ON OTHER COMMODITY PROBLEMS

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AND ACTIONS OF OTHER PRODUCER GROUPS.

2. WHILE DEFINITIVE DETERMINATION OF BENEFICIARIES OF GSP UNDER TRADE ACT IS NOT YET COMPLETE, WE DO NOT CONSIDER THAT GOM'S RUBBER STABILIZATION SCHEME IS LIKELY TO MAKE GOM OR OTHER COUNTRIES PARTICIPATING IN THE SCHEME SUBJECT TO EXCLUSION UNDER SECTION 502 (B) (2) OF TRADE ACT. AS INDICATED BY PRESIDENT'S LETTER TO CONGRESS (STATE 23544) WE DO NOT AT PRESENT CONSIDER THAT MALAYSIA IS INELIGIBLE.

3. WE BELIEVE THAT MOST APPROPRIATE AND EARLIEST OPPORTUNITY TO HAVE CONSULTATIONS ON RUBBER WILL BE IN INTERNATIONAL RUBBER STUDY GROUP (IRSG). AT A DECEMBER 9, 1974, MEETING OF IRSG EXECUTIVE COMMITTEE, MALAYSIAN REP INTRODUCED INTO RECORD THE NOVEMBER 28, 1974, PARLIAMENTARY STATEMENT ON RUBBER PRICE STABILIZATION BY GOM PRIMARY INDUSTRIES MINISTER, MUSA HITAM, AND THE PROPOSED AGENDA FOR NEXT IRSG EXECUTIVE COMMITTEE MEETING (SCHEDULED FOR APRIL 21-22) INCLUDES AN ITEM ON "MEASURES TO DIMINISH RUBBER PRICE FLUCTUATIONS". THIS MEETING WOULD APPEAR TO OFFER IDEAL OPIORTUNITY FOR GOM TO DISCUSS ITS PRICE STABILIZATION PROPOSALS FURTHER AND POSSIBLY TO PROPOSE THAT CONSULTATIONS TAKE PLACE AT FULL IRSG MEETING LATER IN YEAR. SUCH CONSULTATIONS WOULD ENABLE FULL IRSG MEMBERSHIP TO PRESENT ITS VIEWS ON THIS ISSUE.

4. AS EMBASSY AWARE, ASEAN COUNTRIES HAVE NOT YET RESPONDED ON PROPOSED US-ASEAN TALKS. IT SEEMS TO US THAT EVEN IF FAVORABLE DECISION BY ASEAN IS REACHED SHORTLY IT MAY TAKE SOME TIME, PARTICULARLY FOR ASEAN, TO PREPARE FOR THESE CONSULTATIONS. THEREFORE, IT IS UNLIKELY THAT THEY WILL TAKE PLACE PRIOR TO THE IRSG EXECUTIVE COMMITTEE MEETING. WHILE WE DO NOT WISH TO DISCOURAGE ANY ASEAN COUNTRY FROM MAKING PROPOSALS ON AGENDA TOPICS FOR THESE CONSULTATIONS, WE HOPE THAT AGENDAWILL EVENTUALLY BE AGREED BY BOTH SIDES AND WILL NOT DUPLICATE CONSULTATIONS WHICH ARE SATISFACTORILY CARRIED OUT IN

OTHER FORA.

5. KUALA LUMPUR 285 BEING REPEATED TO LONDON. KISSINGER LIMITED OFFICIAL USE

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UNQUOTE

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RUBBER, ECONOMIC PROGRAMS, PRICES  
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**Disposition Case Number:** n/a  
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**Subject:** MALAYSIAN RUBBER PRICE STABILIZATION SCHEME  
**TAGS:** EIND, MY, ID, SN  
**To:** KUALA LUMPUR  
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